The Case against Bimetallism. By ROBERT GIFFEN. London: George Bell & Sons, 1892. 8 vo., pp. 254.

This is a collection of nine essays most of which have been previously printed. The Chapters on "The Inevitable Results of Universal Bimetallism," "M. de Laveleye on Mint Price," "The Alleged Bimetallism of France, 1803-73," and "Unsaleable Silver," appeared in *The Times;* those on "A Problem in Money" and "The American Silver Bubble," in the *Nineteenth Century;* and that on "The General Case against Bimetallism" in the *Fortnightly Review.* It appears, therefore, that as early as 1879 he had given the facts which show conclusively that France had not in truth kept both gold and silver in concurrent circulation during the years from 1803 to 1850; and in this volume is given a table (p. 59) showing the premium on gold at Paris from 1820 to 1847.

In his discussion of the attitude of government toward the regulation of money, he inclines strongly to the belief that, beyond the official stamping of coins, and interpreting "what a contract made in money means," governments do not do any good by a declaration of legal tender. "So far as I can ascertain, the declaration of legal tender has come into fashion on account of the misconduct of governments. They have misused their functions and made coins which were bad, and endeavored to force them into use by declaring that they are to pass current as if they were good coins; or they have issued inconvertible paper and have tried to force the inconvertible paper into use by the same method" (p. 47). It would be an interesting study to examine whether our silver coinage has been in any way aided by the legal tender quality. No banker probably thinks much about the legal tender quality of the gold in his reserves; for its value is independent of any one nation's law or boundaries. But it is probable that we think a good deal about the qualities of our silver currency which are given them by law. On Mr. Giffen's basis, the assumption would be that the silver money is bad money, if it needs such help. Certainly, unless silver had been receivable for customs as equivalent for gold, thereby furnishing a method of redemption, it could never have remained at par with gold.

Of more special interest, perhaps, to students of money is the author's treatment of the relation of the quantity of money to prices. He denies the quantity-theory, and says: "It would not be going too far to say that this notion is at the root of the bimetallic theory, so far

as bimetallism is based on any consistent and substantial theory." He thinks, however, the relation between the quantity of money and prices is one in which prices assist in determining the quantity of precious metals to be used as a circulating medium, and not one in which prices are determined by that quantity. He shows this by first explaining the extent to which the precious metals have non-monetary uses. "Few people perhaps realize that probably this non-monetary use is *preponderant* over the monetary use itself. . . . The mass of the precious metals in an uncoined form must be enormous. In the form of plate and ornaments there is endless gold and silver." (p. 83) In fact, the author well brings out the truth, often unaccepted, that the demand for gold and silver in the arts does not finally dispose of them, and remove them from possible monetary use. That is simply one of the forms in which precious metals are stored up, and in no important way differs from hoarding. Of this large quantity of the metals used for non-monetary purposes, the author holds that their value is determined just as any other merchandise. But when he goes on to show that the monetary quantity of the precious metals is also governed as to its value in the same way, his reasoning is not clear.

His exposition (pp. 86–90) of the absence of any effect of *quasi*-token money on prices, is the same idea as that which Professor Taussig gives as to the lack of influence of our own silver currency, or large change, on prices.

Yet the reader is impressed by an inconsistency in the book which shows a want of logical coherency. His general theory of prices, for example, is not kept in view in the following passage (p. 74): "A fall of prices from period to period is substantially due, as I have more than once pointed out in former years, to the necessary difficulty of increasing the stock of precious metals so as to keep pace with the multiplication of commodities and the multiplication of the numbers of the people. The tendency, as a rule, amongst communities advancing so rapidly in numbers and in wealth as European communities do . . . . must be for prices to fall steadily from period to period." It would be difficult, certainly, not to infer from this that prices fell because the proportion between wealth and numbers and the quantity of the precious metals was changing. If so, how far does this differ from the quantity-theory which he so stoutly denies?

The book lays no claim to considering the bimetallist argument sympathetically; and no opportunity is lost to make attacks upon it at every point. J. LAURENCE LAUGHLIN.